

*Countywide
Performance Measurement Program*

Final Report

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Executive Summary

Introduction

Developing performance measures that are part of a sustainable ongoing strategic planning process requires significant time, effort and discipline for any organization. King County's performance measurement capabilities have been evolving for over ten years. Progress has been made with most departments currently participating in an annual cycle of business planning and performance measurement.

In July of 2003, SMG/Columbia Consulting Group was contracted by the King County Auditor's Office to assist the County in further developing the County's performance measurement capabilities by providing a program to help the County better utilize performance measures as an assessment and oversight tools.

Methodology

The performance measurement program had two major components:

1. A series of three working sessions with Council and Auditor's staff to discuss how policy, business planning, performance measures, and budgets can be linked to help the County make better use of resources. PowerPoint slides from the working sessions can be found in appendix A of this report.
2. A series of workshops with a Performance Measurement Work Group that consisted of representatives from the Council, Auditor, Office of Management and Budget (OMB), and Executive Departments. The group developed an analysis template that provided guidelines for how departments might demonstrate the linkages between policy, business plans, performance measures, and budgets. The Group also tested and refined the analysis template by applying it to four department business plan and performance measure case studies.

Major Accomplishments of the Performance Measurement Program

The focus of the Performance Measurement Program was to facilitate a collaborative process where Council, the Auditor's Office, OMB, and Executive Departments could determine how department business plans and performance measures could be used in the policy oversight function in King County. The Performance Measurement Program accomplished the following outcomes:

- Council and Auditor staff learned how performance measures can be used as an oversight tool and applied in resource decisions.
- The Performance Measurement Work Group developed guidelines for reviewing business plans and performance measures at a high level. A copy of the current guidelines can be found in Appendix B of this report.
- The Work Group guidelines were published with the 2005 OMB budget instructions.
- Executive and legislative branch developed a common vision for how business plans and performance measures could be designed to meet the needs of policy-makers.

Performance Measurement Work Group Observations

In addition to developing the guidelines for business plans and performance measures, the Work Group also reviewed four department's plans as case studies from an oversight perspective. Overall, the Work Group complimented the departments for the progress the departments have made in developing their business planning and measurement capabilities.

While each department's plans and measures had their own strengths and weaknesses, some common patterns emerged that indicate areas where the departments might benefit from some training and support to improve future business plans and performance measures. The opportunities for improvement identified by the Performance Measurement Work Group were:

- Provide a more concise and balanced group of measures that include efficiency and outcome measures in addition to output and effectiveness measures. Departments should focus on providing a few outcome measures rather than too many detailed operational measures.
- Clearly describe how strategies relate to goals, performance measures and targets.
- Briefly identify the driving policies of the department to provide context to the business plan and serve as a check-point to determine if the department is focused on delivering the intent of policy direction.

Performance Measurement Work Group Recommendations

Recommendation 1: Focus on Capacity Building and Support

The Work Group learned that developing a sustainable planning and performance measurement system requires the department to acquire or gain access to individuals with the necessary expertise. Specifically, the Work Group suggested that the County provide the following support for capacity building:

- Provide access to expertise to help departments develop their business planning and performance measurement skills.
- Provide relevant education on the technical aspects of business planning and performance measurement.
- Modify standard supervisory training to include courses on how to manage with measures.

Recommendation 2: Balance Expectations for Improvement with Resource Availability

The Work Group recognized that business planning and performance measurement requires an investment in expertise, time, and technology in a time when departments are facing declining funding levels. The Work Group believes that the County needs to balance expectations for reporting improvements with resource availability.

Recommendation 3: Develop a Countywide Framework for Collaboration

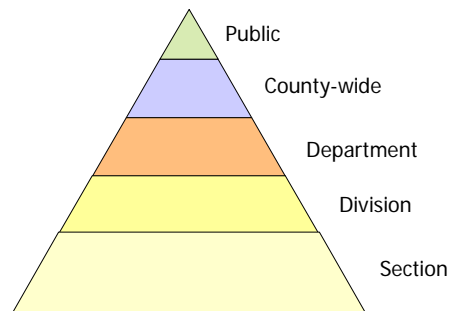
During the business plan analysis process, the Work Group did hear some success stories of how divisions and even departments have collaborated to develop superior strategies for improving performance. The Work Group suggested that the County

could encourage cross-department and cross-branch collaboration and strategy development by creating County priorities for budget and policy, such as the State has done in its budget process, or, develop a County-wide strategic plan to promote alignment and strategic thinking.

Recommendation 4: Manage the Detail

From an oversight perspective, the Work Group found that some business plans and performance measures were too voluminous and detailed for oversight purposes. The County and departments need to work towards developing a hierarchy of measures for different audiences.

The hierarchy of measures can be achieved with a sustained emphasis on performance measurement by County leadership. There should be a feedback loop that includes the Council, OMB and departments to establish a common understanding of policy direction and to facilitate the development useful performance measures that monitor the implementation of policy.



SMG/Columbia Consulting's Recommendations

SMG has observed and assisted many government organizations in developing strategic planning and performance measurements systems, and we have learned what factors enable development of a sustainable process, and what factors can disable development. Based on our experience with King County and other jurisdictions, we offer the following recommendations for building on the progress the County has made in their business planning and performance measurement effort.

Recommendation 1: Reallocate Resources to Create a Sustainable Process

SMG believes that if the County wants to institute an effective and sustainable business planning, performance measurement, and budgeting process, the departments need to allocate sufficient resources to the process. Planning processes supported by inadequate or temporary resources are typically inefficient and focus on producing required deliverables rather than developing strategic thinking and promoting culture change. In the face of declining funding, departments need to determine how to redefine priorities to allow them to produce the information that the County Council, the County Executive, and the public require.

Recommendation 2: Integrate Business Planning and Performance Management into Daily Management Processes

Planning and performance measurement needs to be viewed as part of “what we do” instead of a special project or “something extra.” Business planning and performance management need to become a standard component in every supervisors’ job description. Business planning and performance measurement can be integrated into management processes by providing training, creating accountability for using measures to manage, providing feedback on how measures can be improved, and rewarding those that do manage with measures.

Recommendation 3: Build on the collaboration that was established by the Performance Measurement Work Group

The Performance Measurement Work Group brought together the representatives from the Council, Auditor’s Office, OMB, and Executive Departments to develop a common understanding of the information content of business plans and performance measures. These guidelines will help eliminate confusion, conflicting messages, and wasted effort. The Work Group (or a similar representative group) should build on this work to create a vision for planning and performance measurement in the future that is shared by everyone involved. It is also recommended that the membership should expand to include representatives from agencies led by elected officials to ensure all perspectives are included in the collaboration.

Conclusions

King County should be proud of the progress they have made in developing the County’s business planning and performance measurement capabilities. However, there is still more work that needs to be done before the County is able to use the business plans and performance measures as defined in the Work Group’s guidelines, and beyond that create a sustainable planning and performance management culture.

To move forward, the County needs to define a common vision for how business planning and performance measurement will drive performance improvement in the County. Once the shared vision is established, the County needs to develop a work plan for achieving the vision with work tasks, deliverables, and deadlines assigned to specific individuals. Progress on the work plan will directly relate to the priority and accountability assigned to the effort by County leadership, and the resources directed to supporting staff participation, gaining outside expertise, and improving technology.

Introduction

Developing performance measures that are part of a sustainable ongoing strategic planning process requires significant time, effort and discipline for any organization. King County's performance measurement capabilities have been evolving for over ten years. Progress has been made with most departments participating in an annual cycle of business planning and performance measurement. The County is heading in the right direction and needs to continue developing the management and technical skills and processes to fully utilize performance measures as a management and oversight tool to continually improve performance.

In July of 2003, SMG/Columbia Consulting Group was contracted by the King County Auditor's Office to assist the County in further developing the County's performance measurement capabilities by providing a program to help the County better utilize performance measures as an assessment and oversight tools.

Methodology

The performance measurement program had two major components:

1. A series of three working sessions with Council and Auditor's staff to discuss how policy, business planning, performance measures, and budgets can be linked to help the County make better use of resources. PowerPoint slides from the working sessions can be found in appendix A of this report.
2. A series of workshops with a Performance Measurement Work Group that consisted of representatives from the Council, Auditor, Office of Management and Budget (OMB), and Executive Departments. The mission of the Work Group was to learn more about and develop a common language for business planning and performance measurement in the County. The group developed a template for how departments might demonstrate the linkages between policy, business plans, performance measures, and budgets. Over the course of five months, the Performance Measurement Work Group tested and refined the analysis template by applying it to business plan and performance measure case studies. Four departments' business plans and performance measures were reviewed as case studies. These included:
 - Department of Natural Resources and Parks
 - Department of Transportation
 - Department of Executive Services
 - Department of Community and Human Services

During the course of developing the analysis template and reviewing the department business plans and performance measures, the Performance Measure Work Group learned how the plans and measures could be used by policy-makers as tool for monitoring department performance and in making resource decisions. Policy-maker information needs are clearly defined in the analysis template, so departments can develop future business plans that better meet these needs.

Major Accomplishment of the Performance Measurement Program:

The focus of the Performance Measurement Program was to facilitate a collaborative process where Council, the Auditor's Office, OMB, and Executive Departments could determine how department business plans and performance measures can be useful for policy oversight in King County. The Performance Measurement Program accomplished the following outcomes:

- Council and Auditor staff learned how performance measures can be used as an oversight tool and applied in resource decisions.
- The Performance Measurement Work Group developed guidelines for reviewing business plans and performance measures at a high level. A copy of the current guidelines can be found in Appendix B of this report.
- The Work Group guidelines were published with the 2005 OMB budget instructions.
- Executive and legislative branch developed a common vision for how business plans and performance measures could be designed to meet the needs of policy-makers.
- Four departments received objective feedback from the Work Group regarding the information policy-makers want to see in business plans and performance measures.
- Specific opportunities for further improving performance measurement in the County were identified.

Performance Measurement Work Group Observations

In addition to developing the guidelines for business plans and performance measures, the Work Group also reviewed four department's plans as case studies from an oversight perspective. Overall, the Work Group complimented the departments for the progress they have made in developing their business planning and measurement capabilities.

While each department's plans and measures had their own strengths and weaknesses, some common patterns emerged that indicate areas where the departments might benefit from some training and support to improve future business plans and performance measures. The major opportunities for improvement identified by the Performance Measurement Work Group were:

- **Efficiency and outcome measures were under-represented.** The performance measures in the departments reviewed largely focused on outputs (units produced) followed by effectiveness measures (quality). Since financial constraints are such an issue, the Work Group thought that high level measures showing costs relative to outputs or outcomes would be a valuable decision-making tool.
- **Communicate the linkages between strategies, goals, and targets.** Of the business plans reviewed, departments generally show which performance measure relate to which goals. However, it was not always clear how strategies for addressing current issues (discussed in the Change Dynamics section of the business plan) are related to the goals, performance measures and targets.
- **Policy direction should be briefly but clearly defined.** Policy mandates appear in various places in department plans, but typically are not addressed in a summary. Policy-makers would like to see the department's policy direction briefly reviewed to

provide context to the business plan as well as a check-point to determine if the department is focused on delivering the intent of policy direction.

- **Departments should focus on outcome measures rather than detailed operational measures.** Some departments presented dozens of performance measures at the department and division levels. Policy-makers must review many business plans and performance measures, so providing only on a handful of outcome measures would allow them to focus on the most important policy level issues – instead of issues that should be decided at the operational level.

Performance Measurement Work Group Recommendations

In the June 2004 meeting of the Performance Measurement Work Group, the Group developed the following recommendations for how the County could promote improvements in performance measures in the future:

Recommendation 1: Focus on Capacity Building and Support

The Work Group learned that developing a sustainable planning and performance measurement system requires the department to acquire or gain access to individuals with the necessary expertise. Departments that do not possess or access the necessary expertise can waste a significant amount of time and soon get frustrated with planning and performance measurement. Departments that have been successful in making significant progress towards building a sustainable planning and performance measurement process typically have hired staff with expertise in planning and performance measurement or gained assistance from experts within the County or outside consultants. Specifically, the Work Group suggested that the County provide the following support for capacity building:

- Provide access to expertise to help departments develop their business planning and performance measurement skills.
- Provide relevant education on the technical aspects of business planning and performance measurement. Work Group members have already begun discussions with Human Resources to modify the curriculum of the performance measure training currently available. It needs to be more relevant to organizational performance rather than statistical process control.
- Modify standard supervisory training to include courses on how to manage with measures.
- Create opportunities to share knowledge across divisions within departments and across departments County-wide. Hold workshops and forums where departments can share their successes and learning experiences.
- Encourage the use of performance measures to integrate performance measurement with the culture of the County and standard management expectations.
- Encourage improvements in department business plans, budget presentations and performance measures by providing feedback from Council and OMB before or after the budget cycle.

Recommendation 2: Balance Expectations for Improvement with Resource Availability

The Work Group recognized that business planning and performance measurement requires an investment in expertise, time, and technology in a time when departments are facing declining funding levels. The Work Group believes that the County needs to balance expectations for reporting improvements with resource availability.

Recommendation 3: Develop a Countywide Framework for Collaboration

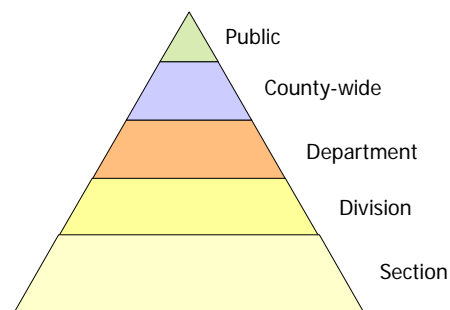
During the business plan analysis process, the Work Group did hear some success stories of how divisions and even departments have collaborated to develop superior strategies for improving performance. For example, Human Services and Community Corrections are working together to create a comprehensive support system to help offenders be more successful when they are reintroduced to society in order to reduce recidivism. The aligned effort increases the effectiveness and efficiency of all the programs and services involved. The Work Group suggested that the County could encourage collaboration among departments and the legislative and executive branches of County government by creating County priorities for budget and policy, such as the State has done in its budget process. Ideally there should be a County-wide strategic plan to promote alignment and strategic thinking.

Recommendation 4: Manage the Detail

From an oversight perspective, the Work Group found that some business plans and performance measures were too voluminous and detailed for oversight purposes. The County and departments need to work towards developing a hierarchy of measures for different audiences.

Departments need to work towards developing more concise outcome measures at the department level with apparent linkages to departmental and division goals. Operational measures should be used for internal management purposes only. High level business plans and performance measures would encourage policy-makers to focus on policy rather than getting bogged down in detailed operational issues.

The Work Group recognizes that developing the hierarchy of measures will require a sustained emphasis on performance measurement by County leadership. There should be a feedback loop that includes the Council, OMB and departments to establish a common understanding of policy direction and to facilitate the development of useful performance measures that monitor the implementation of policy.



SMG/Columbia Consulting's Recommendations

SMG has observed and assisted many government organizations in developing strategic planning and performance measurements systems, and we have learned what factors enable development of a sustainable process, and what factors can disable development. Based on our experience with King County and other jurisdictions, we offer the following additional recommendations for building on the progress the County has made in their business planning and performance measurement effort.

Recommendation 1: Reallocate Resources to Create a Sustainable Process

SMG believes that if the County wants to institute an effective and sustainable business planning, performance measurement, and budgeting process, the County and departments need to allocate sufficient resources to the process. In the face of declining funding, the departments need to determine how to redefine priorities to allow them to produce the information that the County Council, the County Executive, and the public require.

Some departments have adjusted priorities to adequately invest in its planning and measurement processes resulting in superior progress towards integrating measures into daily management processes and decision-making. For example, DNRP has acquired staff with a strong background in performance management and has contributed significant staff time to building their performance measurement program. Other departments have drawn on experts in other departments and the performance measurement staff at OMB to help them improve their plans and measures.

Many other departments run their planning process on a shoestring or temporarily “borrow” resources to fulfill the planning and measurement requirements defined by the Council and the Executive. Planning processes supported by inadequate or temporary resources are typically inefficient and focus on producing required deliverables rather than developing strategic thinking and promoting culture change. Adequate expertise, staff time, and technology need to be invested if the planning and measurement process is to become efficient, sustainable and yield performance improvements.

Recommendation 2: Integrate Business Planning and Performance Management into Daily Management Processes

Planning and performance measurement needs to be viewed as part of “what we do” instead of a special project or “something extra.” Business planning and performance management need to become a standard component in every supervisors’ job description. It should be as basic as any good management practice. Several strategies can be employed to successfully integrate business planning and performance management into management processes. Some strategies include:

- **Provide training.** As mentioned in the *Work Group’s Recommendation 1: Focus on Capacity Building and Support*, managing with measures needs to become part of the standard County supervisory training courses. Training on how business planning and performance measures are used in policy oversight should also be part of standard Council staff and Auditor training.

- **Create accountability for using measures to manage.** Accountability for reporting the status of performance measures at regular intervals (monthly or quarterly) should apply to all supervisory staff. Managers should mentor subordinates. Performance measures should become a regular part of staff meetings. Supervisors should be encouraged to develop, monitor, and refine strategies for improvement. Use of performance measures should be part of supervisory staff personnel evaluation criteria.
- **Encourage improvement with feedback outside of the budget cycle.** During the budget cycle departments, OMB and Council are focused on meeting tight deadlines, leaving little room for discussion or last minute modification to deliverables. SMG suggests that Council, OMB and departments gather in a less hectic time of the year to discuss how department business plans, budget presentations and performance measures could be improved. A debrief session outside of the budget cycle would allow time for thought, discussion, and analysis. Departments would also be provided with some lead time to incorporate suggestions for improvement into the work products of the next budget cycle.
- **Reward those that do manage with measures.** Provide recognition to supervisory staff that use measures to manage and improve operations. Some organizations have programs where process improvements are submitted to the executive office and the implementing teams are recognized in some way.

Recommendation 3: Build on the collaboration that was established by the Performance Measurement Work Group

The Performance Measurement Work Group brought together the representatives from the Council, Auditor's Office, OMB, and Executive Departments to develop a common understanding of the information content of business plans and performance measures. These guidelines will help eliminate confusion, conflicting messages, and wasted effort. The Work Group (or a similar representative group) should build on this work to create a vision for planning and performance measurement in the future that is shared by everyone involved. It is also recommended that the membership should expand to include representatives from agencies led by elected officials to ensure all perspectives are included in the collaboration.

Conclusions

King County should be proud of the progress they have made in developing the County's business planning and performance measurement capabilities. However, there is still more work that needs to be done before the County is able to use the business plans and performance measures as defined in the Work Group's guidelines, and beyond that create a sustainable planning and performance management culture that yields measurable results.

To move forward, the County needs to define a common vision for how business planning and performance measurement will drive performance improvement in the County. Once the shared vision is established, the County will need to develop a work plan for achieving the vision with work tasks, deliverables, and deadlines assigned to specific individuals. Progress on the work plan will directly relate to the priority and accountability assigned to the effort by

County leadership, and the resources directed to supporting staff participation, gaining outside expertise, and improving technology.

Appendix A – Council and Auditor Working Session Slides

Available upon request to the King County Auditor's Office
Room W1020 King County Courthouse
516 Third Avenue
Seattle, WA 98104
206-296-1655
www.metrokc.gov/auditor

Appendix B – Performance Measurement Work Group Business Plan and Performance Measurement Guidelines

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